

Message Text

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 JUSE-00 L-03 COME-00 TRSY-11 SS-20

NSC-07 INR-10 RSC-01 /075 R

DRAFTED BY EB/CBA/BP:RJBUSHNELL:VJW

APPROVED BY EB/CBA/BP:HJWINTER

JUSTICE - JDAVIDOW (SUBS)

L/EB - MSPIEGEL (INFO)

EA/J - WPIEZ (DRAFT)

----- 012404

P 221538Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, BDIS, JA

SUBJECT: ANTITRUST: PROPOSED PURCHASE BY MATSUSHITA OF
MOTOROLA TV DIVISION

REF: TOKYO 5028

1. JUSTICE DEPARTMENT INFORMED MATSUSHITA AND MOTOROLA
APRIL 17 THAT JUSTICE REQUIRES ADDITIONAL PROOF THAT THERE
ARE NO ALTERNATIVE PURCHASERS FOR MOTOROLA ASSETS WHO ARE
LESS DIRECTLY COMPETITIVE IN TV BUSINESS. JUSTICE
REQUESTED DELAY OF THE MERGER TO ENABLE COMPANIES TO
PROVIDE SUCH PROOF WITHIN NEXT 30 OR 40 DAYS BY SOME
METHOD SUCH AS PUBLICLY ADVERTISING THE ASSETS FOR SALE
OR USING A BROKER. JUSTICE SUGGESTED THAT IF THERE WERE
PROOF THERE IS NO ALTERNATIVE PURCHASER, JUSTICE WOULD BE
LIKELY TO CONCLUDE THAT THE ELEMENTS OF A "FAILING
COMPANY" EXCEPTION TO THE CLAYTON ANTI-MERGER ACT HAVE
BEEN ESTABLISHED.

2. ASSISTANT ATTORNEY GENERAL KAUPER MET WITH JAPANESE
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EMBASSY COMMERCIAL MINISTER HARADA AND AFTER HEARING GOJ

VIEWS INFORMED HARADA THAT JUSTICE HAS NO OBJECTION TO MATSUSHITA'S ENTRY INTO US MARKET BY ANY MEANS WHICH DOES NOT REDUCE THE NUMBER OF COMPETING COMPANIES IN THE MARKET. KAUPER ADDED THAT IT WOULD BE A MISTAKE FOR GOJ OR JAPANESE PUBLIC TO BELIEVE THAT JUSTICE MERGER INVESTI-

GATION IS MOTIVATED BY ANTI-JAPANESE OR ANTI-FOREIGN FEELING OR BY OPPOSITION TO FOREIGN INVESTMENT IN THE US. HARADA EXPRESSED APPRECIATION FOR JUSTICE EXPLANATION AND CAREFUL CONSIDERATION OF GOJ VIEWS.

3. ASSISTANT SECRETARY INGERSOLL HAS WRITTEN TO KAUPER AFTER MEETING SEPARATELY WITH JAPANESE AMBASSADOR AND MOTOROLA PRESIDENT ROBERT GALVIN. INGERSOLL LETTER ASKED JUSTICE TO CONSIDER CAREFULLY FOREIGN POLICY FACTORS IN DETERMINING ITS POSITION ON MOTOROLA/MATSUSHITA TRANSACTION. LETTER POINTED TO US POLICY OF ENCOURAGING JAPANESE INVESTMENT IN US AND SPECIFIC REFERENCES TO THAT POLICY IN NIXON/TANAKA COMMUNIQUE OF AUGUST 1974 AND COMMUNIQUE AGREED UPON AT JULY 1973 CABINET-LEVEL JOINT COMMITTEE ON TRADE AND ECONOMIC AFFAIRS. COPY OF LETTER BEING POUCHED.

4. MATSUSHITA AND MOTOROLA HAVE NOT YET RESPONDED TO JUSTICE REQUEST FOR A MERGER DELAY OR FOR PROOF THAT THERE ARE NO ALTERNATIVE PURCHASERS. DEPARTMENT WILL KEEP EMBASSY INFORMED OF DEVELOPMENTS. KISSINGER

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